REMARKS

Applicants respectfully request reconsideration of the present application in view of the foregoing amendments and in view of the reasons that follow.

Claims 1, 7-9, and 20 are currently being amended.

This amendment adds, changes and/or deletes claims in this application. A detailed listing of all claims that are, or were, in the application, irrespective of whether the claim(s) remain under examination in the application, is presented, with an appropriate defined status identifier.

After amending the claims as set forth above, Claims 1-10 and 20-25 are now pending in this application.

Claims Rejections – 35 U.S.C. § 112

On page 3 of the Office Action, the Examiner rejected claims 1-10 and 20-25 under 35 U.S. § 112 as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicants regard as their invention. The Examiner stated:

> **8.** Claims **1-10 and 20-25** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The body of the claim does not contain any limitations indicating the structure for processing. Currently for claim 1, the applicant is only claiming an *"executable instructions on a medium"* and a *"data storage system"*. And as for claim 20, it is only claiming an *"executable instructions"*. There is a lack of processor in the claims.
>
> **9.** Claims **1-10** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The limitation .. *like ones*... is vague and indefinite because it is not clear how the claim is bounded. Please change the wording of the claim.

> **10.** Claims **1-10 and 20-25** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The limitation *...heightened sensitivity...* is vague and indefinite because it is not clear how the claim is bounded. Please change the wording of the claim.

Applicants respectfully traverse the rejection.

In paragraph 8 of the Office Action, the Examiner rejected Claims 1-10 and 20-25 based on the lack of a processor in the claims. Applicants respectfully note that independent Claims 1 and 20 recite "computer-executable instructions being executable by a computer" and submit that Claims 1-10 and 20-25 need not explicitly recite a processor to be definite. However, independent Claims 1 and 20 have been amended to advance prosecution. Applicants respectfully request withdrawal of the rejection.

In paragraph 9 of the Office Action, the Examiner rejected Claims 1-10 based on the Examiner's assertion that the phrase "like-ones" is vague and indefinite. Applicants respectfully submit that this phrase is not indefinite as read in light of Applicants' specification. However, independent Claim 1 has been amended to advance prosecution. Applicants respectfully request withdrawal of the rejection.

In paragraph 10 of the Office Action, the Examiner rejected Claims 1-10 and 20-25 based on the Examiner's assertion that the phrase "heightened sensitivity" is vague and indefinite. Applicants respectfully note that the phrase in question recited in Claims 1 and 20 taken in its entirety is "the sub-combination of sub-loan level cash flows exhibiting heightened sensitivity to at least one of the different types of sub-loan level risk relative to the sensitivity exhibited by the plurality of home mortgage loans as a whole." It is clear that the recited language includes any sub-combination of sub-loan level cash flows for which the sensitivity exhibited to at least one of the different types of sub-loan level risk is higher than the sensitivity exhibited by the plurality of home mortgage loans to the same type(s) of sub-loan level risk. Applicants note therefore that the standard for evaluating "heightened" is explicitly set forth in the claims. Accordingly,

Applicants respectfully submit that it is clear how Claims 1 and 20 are bounded and they are not indefinite. Applicants respectfully request withdrawal of the rejection.

Claim Rejections – 35 U.S.C. § 103

On page 4 of the Office Action, the Examiner rejected claims 1, 7 and 25 under 35 U.S. § 103(a) as being unpatented over U.S. Patent No. 5,802,501 to Graff ("Graff") in view of U.S. Patent App. Pub. No. 2003/0225653 to Pullman ("Pullman"). The Examiner stated:

> As per Claim 1:
>
> Graff as shown discloses the following limitations:
>
> - *Computer*-executable (sic) *instructions tangibly embodied on computer readable media, the computer-executable instructions being executable by* a *computer to implement;* (See at least Fig. 2, Items 14, 28)
>
> - *decomposing each of the plurality* of *home mortgage loans into* a *plurality* of *sub- loan level cash* flows; (See at least Fig. 1, Decomposing property into two components) • *repackaging the plurality* of *sub-loan level cash* flows *to form the financial* assets, *including:(See* at least Column 1, Line 19+, produce documentation thereof, to facilitate financial transactions involving the separate components)
>
> However, Graff specifically *does* not mention the following limitations. But Pullman discloses the following limitations:
>
> - *selecting* a *sub-combination* of *the plurality* of *sub-loan level cash* flows, *the subcombination* of *sub-loan level cash* flows *comprising like-ones* of *the plurality* of *sub-loan level cash* flows *from* across *the plurality* of *home mortgage loans, and* (See at least Page 2, Paragraph 0016+, "...selecting at least...", cash flow is related to mortgage loans but this is a obvious modification to exchange mortgage with IP)
>
> - *the sub-combination* of *sub-loan level cash* flows *exhibiting heightened sensitivity to at least one* of *the*

different types of *sub-loan level risk relative to the sensitivity exhibited by the plurality* of *home mortgage loans* as a *whole.* (See at least Page 1, Paragraph 0004+, "... includes both the risk ... ")

- *packaging the sub-combination* of *sub-loan level cash* flows *to create one* of *the financial* assets, *the financial* asset *that is created accentuating the at least one* of *the different types* of *sub-loan level risk in accordance with the heightened sensitivity exhibited by the sub-combination* of *sub-loan level cash* flows, *thereby configuring the financial* asset *to operate* as a *hedge against* a *risk that opposes the at least one* of *the different types* of *sub-loan level risk, and* (See at least Page 1, Paragraph 0011+, "...securitizing intellectual property assets... ", it is obvious modification to exchange IP assets with mortgage assets)

- *repeating the selecting and packaging steps to create additional financial* assets, *the additional financial* assets *including different financial* assets *which accentuate other* ones of *the different types* of *sub-loan level risk;* (See at least Page 1, Paragraph 0004+, "...Securitization transactions based... ", more than one securitization is involved)

- *to make* a *determination* of *accounting rules that apply to the financial* assets, *the accounting tool further configured to track accounting data for the financial* assets *based at least in part on the accounting rules; and* (See at least Page 4, Paragraph 0051-53)

- a *data storage system configured to store accounting data for the financial* assets. (See at least Fig. 9)

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention was made to modify the Graffs system/method of decomposing property into separately valued components as *taught* by Pullman's method for securitization of the IP asset to select and package the cash-flows into financial assets. The securitization of the asset greatly increases the cash flow in the company.

Applicant respectfully traverses the rejections.

Independent Claim 1 is nonobvious over Graff in view of Pullman because Graff and Pullman, alone or in proper combination, fail to disclose at least the following features recited in Claim 1:

1. a decomposition tool configured to decompose each of the plurality of home mortgage loans into a plurality of sub-loan level cash flows;

2. a repackaging tool configured to repackage the plurality of sub-loan level cash flows to form the financial assets;

3. selecting a sub-combination of the plurality of sub-loan level cash flows, the sub-combination of sub-loan level cash flows comprising sub-loan level cash flows from across the plurality of home mortgage loans, and the sub-combination of sub-loan level cash flows exhibiting heightened sensitivity to at least one of the different types of sub-loan level risk relative to the sensitivity exhibited by the plurality of home mortgage loans as a whole;

4. packaging the sub-combination of sub-loan level cash flows to create one of the financial assets, the financial asset that is created accentuating the at least one of the different types of sub-loan level risk in accordance with the heightened sensitivity exhibited by the sub-combination of sub-loan level cash flows, thereby configuring the financial asset to operate as a hedge against a risk that opposes the at least one of the different types of sub-loan level risk; and

5. repeating the selecting and packaging steps to create additional financial assets, the additional financial assets including different financial assets which accentuate other ones of the different types of sub-loan level risk.

Furthermore, Claim 1 is nonobvious over Graff and Pullman because Graff and Pullman cannot be properly combined in the manner suggested by the Examiner.

Graff discloses a system for use in decomposing property (e.g., real estate) into separate temporal components (e.g., an estate for years and a remainder interest). (Graff, col. 1, ll. 12-17). Pullman discloses a method for creating a pool of intellectual property assets for securitization. (Pullman, abstract).

Graff and Pullman, alone or in proper combination, fail to disclose "a decomposition tool configured to decompose each of the plurality of home mortgage loans into a plurality of sub-loan level cash flows" as recited in Claim 1. The Examiner cites Figure 1 of Graff as disclosing this feature. Figure 1 of Graff illustrates decomposing rights in real estate into an estate for years and a remainder interest. (Graff, Fig. 1). The subject of decomposition in Graff is real estate, not home mortgage loans as recited in Claim 1. The estate for years and reminder interest into which the real estate is decomposed in Graff are not "sub-loan level cash flows;" rather, they are rights in the real estate. While home mortgage loans are utilized by borrowers to purchase real estate, they are not equivalent to real estate. Pullman does not cure the deficiencies of Graff regarding this feature of Claim 1.

Graff and Pullman, alone or in proper combination, also fail to disclose "a repackaging tool configured to repackage the plurality of sub-loan level cash flows to form the financial assets." The Examiner cites Graff at column 1, lines 19+ as disclosing this feature of Claim 1: "[t]he computer system computes the respective values and investment characteristics of the components, and produces documentation thereof, to facilitate financial transactions involving the separate components." Graff does not disclose repackaging the components of the decomposed property; rather, Graff discloses a system for creating financial transactions based on the separate temporal components. Applicants respectfully submit that this is shown in the

passage cited by the Examiner: "[t]he computer system ... produces documentation thereof, to facilitate financial transactions involving the separate components." (Graff, col. 1, ll. 18-21). Further, Graff lists as objects of the invention "calculating financial particulars of the property based on the concept that the source of property value is property rights that can be split and separately valued" and "tailoring financial documents to support transactions involving property components." (Graff, col. 5, ll. 30-37). Graff does not teach repackaging the components once they have been separated. Pullman does not cure the deficiencies of Graff regarding this feature of Claim 1.

Graff and Pullman, alone or in proper combination, also fail to disclose "selecting a sub-combination of the plurality of sub-loan level cash flows, the sub-combination of sub-loan level cash flows comprising sub-loan level cash flows from across the plurality of home mortgage loans, and the sub-combination of sub-loan level cash flows exhibiting heightened sensitivity to at least one of the different types of sub-loan level risk relative to the sensitivity exhibited by the plurality of home mortgage loans as a whole." The Examiner acknowledged that Graff does not teach these features of Claim 1 and instead cited paragraphs 0004 and 0016 of Pullman:

> [0004] In contrast to traditional asset-backed securities involve, such as auto loan agreements or property mortgages in which the rights to receivables are clearly defined, securities based on intellectual property royalties often involve receivables which are not fully known. Thus, determining the quality of the asset includes both the risk that the anticipated receivables are not generated, as well as the risk that the generated receivables will not be collected. Securitization transactions based in intellectual property assets thus may require extensive analysis and due diligence.
>
> [0016] selecting at least the first intellectual property asset and the second intellectual property asset from the plurality of the intellectual property assets to form a pool of intellectual property assets to be securitized, the pool having a first pool revenue stream including the first asset first revenues and the second asset first revenues and a second pool revenue stream including the first asset second revenues and the second asset second revenues, the first asset and the second asset being selected so as to approach a

> desired ratio between the first pool revenue stream and the second pool revenue stream.

As noted above, Pullman discloses a method for creating a pool of intellectual property assets for securitization. (Pullman, abstract). Throughout the Office Action the Examiner asserts that "it is obvious modification to exchange IP assets with mortgage assets." Pullman does not disclose home mortgage loans or sub-loan level cash flows. Further, it would not be obvious to one of skill in the art to modify the teachings of Pullman to apply to home mortgage loans instead of intellectual property. Intellectual property is an entirely different kind of asset than home mortgage loans. Pullman notes as much in paragraph 0004, stating "[i]n contrast to traditional asset-backed securities involve, such as auto loan agreements or property mortgages in which the rights to receivables are clearly defined, securities based on intellectual property royalties often involve receivables which are not fully known." Given the differences between home mortgage loans and intellectual property, as taught in Pullman itself, a person of skill in the art would not have looked to the intellectual property teachings of Pullman to arrive at a "system for creating and maintaining financial assets which accentuate different types of sub-loan level risk associated with a plurality of home mortgage loans" as recited in Claim 1.

Furthermore, the cited sections of Pullman do not disclose the "selecting" step recited in Claim 1. Pullman discloses selecting at least two intellectual property assets to form a pool of intellectual property assets. (Pullman, para. 0016). The intellectual property assets may have multiple revenue streams associated therewith, but Pullman does not teach selecting the revenue streams. Accordingly, Pullman does not teach "selecting a sub-combination of the plurality of sub-loan level cash flows." Further, Pullman does not teach that the sub-combination of sub-loan level cash flows exhibits "heightened sensitivity to at least one of the different types of sub-loan level risk relative to the sensitivity exhibited by the plurality of home mortgage loans as a whole" as recited in Claim 1. Rather, Pullman teaches that the intellectual property assets are selected "so as to approach a desired ratio between the first pool revenue stream and the second pool revenue stream." (Pullman, para. 0016). Because the intellectual property assets are selected to approach a desired ratio between two revenue streams they may or may not exhibit heightened

sensitivity to different types of risk as compared to the plurality of intellectual property assets as a whole.

Graff and Pullman, alone or in proper combination, also fail to disclose "packaging the sub-combination of sub-loan level cash flows to create one of the financial assets, the financial asset that is created accentuating the at least one of the different types of sub-loan level risk in accordance with the heightened sensitivity exhibited by the sub-combination of sub-loan level cash flows, thereby configuring the financial asset to operate as a hedge against a risk that opposes the at least one of the different types of sub-loan level risk." The Examiner acknowledged that Graff does not teach these features of Claim 1 and instead cited paragraph 0011 of Pullman:

> [0011] A major concern in securitizing intellectual property assets lies in the uncertainty underlying the future payments. When the royalty payments are not fixed or do not have a minimum, as is often the case in music payments, predicting the future revenue stream from the assets often is difficult. While general pooling, for example by music class, has been suggested as a way to minimize these risks, in practice it has not been able to be achieved due to various difficulties, such as due diligence costs and the difficulty in determining desired pool characteristics.

Pullman discusses securitizing intellectual property assets. Pullman teaches selecting multiple intellectual property assets to form a pool, not "packaging … sub-loan level cash flows to create one of the financial assets." Further, as discussed above, the intellectual property assets are not selected to exhibit heightened sensitivity to different types of risk, so the financial asset created by combining the intellectual property assets does not necessarily accentuate any of the different types of risk and the financial asset may not operate as a hedge against a risk that opposes at least one of the different types of risk.

Graff and Pullman, alone or in proper combination, also fail to disclose "repeating the selecting and packaging steps to create additional financial assets, the additional financial assets including different financial assets which accentuate other ones of the different types of sub-loan

level risk." As discussed above, Graff and Pullman fail to disclose the "selecting" and "packaging" steps of Claim 1. Graff and Pullman also do not disclose repeating these steps to form additional financial assets that accentuate other types of sub-loan level risk."

Furthermore, Claim 1 is nonobvious over Graff and Pullman because a person of skill in the art would have no reason to combine and/or modify Graff and Pullman in the manner suggested by the Examiner. Graff discloses a system for use in temporally decomposing property (e.g., real estate) into separate components (e.g., an estate for years and a remainder interest). (Graff, col. 1, ll. 12-17). Pullman discloses a method for creating a pool of intellectual property assets for securitization. (Pullman, abstract). It is not obvious to replace intellectual property assets with home mortgage loans as suggested by the Examiner for at least the reasons identified above regarding the differences between these types of assets. The differences between intellectual property assets and home mortgage loans are acknowledged in Pullman. (Pullman, para. 0004). In light of these differences and the lack of teaching in either Graff or Pullman regarding home mortgage loans and/or sub-loan level cash flows, a person of skill in the art would not have combined Graff and Pullman to arrive at the system recited in Claim 1.

Applicants respectfully request withdrawal of the rejection of Claim 1. Claims 7 and 25 depend from independent Claim 1 and are nonobvious over Graff and Pullman for at least the same reasons. See 35 U.S.C. § 112 ¶ 4. Applicants respectfully request withdrawal of the rejections of those claims as well.

On page 11 of the Office Action, the Examiner rejected independent Claim 20 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,012,047 to Mazonas et al. ("Mazonas") in view of Pullman. Claim 20 recites "repackaging," "selecting," "packaging," and "repeating" features similar to those recited in Claim 1. The Examiner acknowledged that Mazonas did not teach these features and cited to Pullman as disclosing these features. These features of Claim 20 are not disclosed by Pullman for at least reasons similar to those stated above regarding Claim 1. Applicants respectfully request withdrawal of the rejection of Claim 20.

On page 7 of the Office Action, the Examiner rejected Claims 2-6, 8-10, and 21-24 under 35 U.S.C. § 103(a) as being unpatentable over Graff in view of Pullman and further in view of U.S. Patent No. 6,070,151 to Frankel ("Frankel"). Claims 2-6, 8-10, and 21-24 depend variously from independent Claims 1 and 20 and are nonobvious over Graff and/or Pullman for at least the same reasons. See 35 U.S.C. § 112 ¶ 4. Frankel does not cure the deficiencies of Graff and Pullman. Applicants respectfully request withdrawal of the rejection of Claims 2-6, 8-10, and 21-24.

On page 13 of the Office Action, the Examiner further rejected Claims 21-24 under 35 U.S.C. § 103(a) as being unpatentable over Mazonas in view of Pullman and further in view of Frankel. Claims 21-24 depend from independent Claim 20 and are nonobvious over Mazonas and Pullman for at least the same reasons. See 35 U.S.C. § 112 ¶ 4. Frankel does not cure the deficiencies of Mazonas and Pullman. Applicants respectfully request withdrawal of the rejection of Claims 21-24.

Conclusion

Applicants believe that the present application is now in condition for allowance. Favorable reconsideration of the application as amended is respectfully requested.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by the credit card payment instructions in EFS-Web being incorrect or absent, resulting in a rejected or incorrect credit card transaction, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicants hereby petition for such extension under 37 C.F.R. §1.136 and authorize payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

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